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## BEFORE THE ARIZONA CORPORATION COMMISSION

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2009 MAY 26 P 12: 08

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION ) DOCKET NO. E-01049A-08-0507  
 OF MORENCI WATER AND ELECTRIC )  
 COMPANY – ELECTRIC DIVISION – FOR )  
 APPROVAL OF ITS 2009 IMPLEMENTATION ) **NOTICE OF ERRATA**  
 PLAN PER A.A.C. R14-2-1813 AND REQUEST )  
 FOR WAIVERS )

In compliance with Decision No. 70952, Morenci Water & Electric Company ("MW&E"),  
 files its 2009 Renewable Energy Standard Implementation Plan ("2009 REST Plan") on April  
 15, 2009. Please find corrected pages 3 and 22 to the 2009 REST Plan.

RESPECTFULLY SUBMITTED this 26<sup>th</sup> day of May, 2009.

MORENCI WATER AND ELECTRIC COMPANY

By

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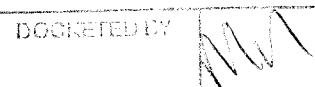
Original and thirteen copies of the foregoing  
 filed this 26<sup>th</sup> day of May, 2009, with:

Docket Control  
 ARIZONA CORPORATION COMMISSION  
 1200 West Washington Street  
 Phoenix, Arizona 85007

Arizona Corporation Commission

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MAY 26 2009

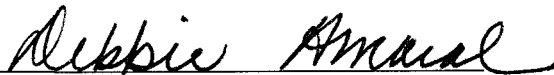


1 Copy of the foregoing hand-delivered  
this 26<sup>th</sup> day of May, 2009, to:

2 Lyn A. Farmer, Esq.  
3 Chief Administrative Law Judge  
Hearing Division  
4 ARIZONA CORPORATION COMMISSION  
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5 Phoenix, Arizona 85007

6 Janice Alward, Esq.  
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MW&E is also aware of the potential for renewable contract termination and/or major delays in procuring these resources.

In Decision No. 70303, MW&E requested and received a partial waiver excluding the load to FCX Morenci and FCX Safford from the calculation of the Annual Renewable Energy Requirement under A.A.C. R14-2-1804 and annual Distributed Renewable Energy Requirement under A.A.C. R14-2-1805. MW&E is requesting that the waiver remain in effect for 2009. MW&E's load profile is and remains unique and significantly different from any other electric utility in the state. No other utility has 98.37 to 98.75 percent of its sales come from two customers. To include the sales to FCX Morenci and FCX Safford would be unduly burdensome to MW&E, especially if the surcharge rates through MW&E's Renewable Energy Standard Surcharge ("RESS"), approved in Decision No. 70303, remain at the same level. Given the costs for renewable resources and the state of the market for renewable resources, the limited surcharges will be insufficient to cover the amount of energy that must be obtained from Eligible Renewable Energy Resources. This partial waiver remains in effect for 2009. (Decision No. 70952). MW&E hopes, at some point in the future, the renewable resource market will be large and mature enough to allow MW&E to meet the respective requirements within the REST Rules for its total amount of sales.

Under MW&E's proposal, FCX Morenci and FCX Safford would still provide funding in accordance with MW&E's RESS described below. FCX Morenci and FCX Safford would also be eligible to participate in MW&E's Plan for Distributed Renewable Energy Resources also described below.

Without the partial waiver, MW&E would have to request surcharge rates through its RESS likely to be at least 24 times its present per-kWh rate and caps, as detailed in Section 6 of this Implementation Plan.

MW&E's energy sales – excluding sales for FCX Morenci and FCX Safford – averaged approximately 30,653 MWh between 2006 and 2007. MW&E anticipates – based on that averaging – its Annual Renewable Energy Requirement will be as follows:

- about 613,060 kWh in 2009;
- about 766,325 kWh in 2010;
- about 919,590 kWh in 2011;
- about 1,072,855 kWh in 2012;
- about 1,226,120 kWh in 2013; and
- ultimately about 4,597,950 kWh after 2024.

MW&E anticipates that – based on average Energy Sales between 2006 and 2007 to residential and commercial customers – its annual Distributed Renewable Energy Requirement will be as follows:

- about 91,959 kWh to come from eligible Distributed Renewable Energy Resources in 2009;
- about 153,265 kWh in 2010;
- about 229,898 kWh in 2011;

Energy Requirement). The caps would also have to increase by roughly the same proportion to:

- \$8.40 per month for each residential customer;
- \$312.00 per month for each non-residential customer;
- \$936.00 per month for each non-residential customer with demand over 3 MW per month for three consecutive months;

The maximum amount MW&E could collect with the increased per-kWh rate and caps would be up to \$1,179,950.40, which would still fall short of the amount needed in addition to meet the requirements (if the loads to FCX Morenci and FCX Safford are included). In either case, MW&E does not anticipate that all of its customers will use the requisite amount of kWhs so that MW&E will collect the maximum amounts through the RESS.

Specifically, MW&E anticipates, based on kWhs delivered in 2007, which it is likely MW&E will collect \$108,392.80 in 2009 (based on the current per-kWh RESS rate and caps). This is because many non-residential customers will not use enough kWhs per month to be charged the maximum amount under the RESS – as the following chart shows:

	Total \$	Average \$ per Bill	% Reaching Cap
Residential	\$26,397.00	\$1.05	100%
Non-Residential	\$79,187.80	\$25.48	65.33%
Non-Residential >3MW	\$2,808.00	\$117.00	100%
Total	\$108,392.80	-	-

In other words, while the *maximum* MW&E could collect through the RESS is \$147,493.80, MW&E is more likely to collect approximately \$105,469.60 through the RESS. This is further shown through the data MW&E provided to Staff (through the process in evaluating MW&E's 2008 Implementation Plan application) on the average kWh that sample MW&E customers used. That data, along with data of per-kWh use from additional non-residential customers, is reproduced below:

Sample Customers	Average kWh per Month	Monthly RESS (\$'s)
PD Store	221,350	\$39.00
High School	93,200	\$39.00
Motel	45,000	\$39.00
Conoco	23,460	\$39.00
Circle K	23,100	\$39.00
LDS Church	5,945	\$29.65
Restaurant	5,225	\$26.06
Florist	1,872	\$9.33
Insurance Company	992	\$4.95
American Legion	306	\$1.53
Fashion Salon	230	\$1.14